

**Amendments to the Claims:**

The listing of claims will replace all prior versions, and listings, of claims in the application:

**Listing of Claims:**

1. (Original) A system for managing collateral allocation and substitution in general collateral repurchase agreements, comprising:

a plurality of trader terminals;

an intermediary computer system adapted to:

communicate with each trader terminal via one or more communication links;

facilitate agreements between buyers and sellers for sale of collateral;

receive allocation instructions for an agreement from a seller trading terminal;

store information regarding collateral that has been allocated and mark said collateral as allocated;

receive substitution instructions from a seller trading terminal to substitute allocated collateral, wherein:

if there is one buyer who is allocated the exact amount of collateral that the seller wishes to substitute, that buyer is substituted;

otherwise, if there is one buyer who is allocated a higher amount of the collateral that the seller wishes to substitute, and that amount is sufficient for the substitution, that one buyer is substituted; and

otherwise, buyers have their collateral substituted on the basis of a priority determination.

2. (Original) The system of claim 1, wherein only buyers with allocated collateral having equal rights of substitution to collateral allocated by the seller are eligible for the substitution.

3. (Original) The system of claim 1, wherein the priority determination is a time priority determination.

4. (Original) The system of claim 1, wherein at least one of the communication links is established via a virtual private network.

5. (Original) The system of claim 1, wherein at least one of the communication links is established via a private line.

6. (Original) The system of claim 1, wherein at least one of the communication links is established via the Internet.

7. (New) A method for managing collateral allocation and substitution in general collateral repurchase agreements, comprising:

receiving allocation instructions for an agreement from a seller trading terminal;

storing information regarding collateral that has been allocated and marking said collateral as allocated;

receiving substitution instructions from a seller trading terminal to substitute allocated collateral, wherein

when there is one buyer who is allocated the exact amount of collateral that the seller wishes to substitute, that buyer is substituted;

when there is no one buyer who is allocated the exact amount of the collateral that the seller wishes to substitute but there is one buyer who is allocated a higher amount of the collateral that the seller wishes to substitute, and that amount is sufficient for the substitution, that one buyer is substituted; and

when there is no one buyer who is allocated the exact amount of the collateral that the seller wishes to substitute, there is no one buyer who is allocated a higher amount of the collateral that the seller wishes to substitute, buyers have their collateral substituted on the basis of a priority determination.

8. (New) The method of claim 7, wherein only buyers with allocated collateral having equal rights of substitution to collateral allocated by the seller are eligible for the substitution.

9. (New) The method of claim 7, wherein the priority determination is a time priority determination.